

ORIGINAL

DIVISION OF CONSUMER ADVOCACY  
Department of Commerce and  
Consumer Affairs  
335 Merchant Street, Room 326  
Honolulu, Hawaii 96813  
Telephone: (808) 586-2800

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

PUBLIC UTILITIES  
COMMISSION

2009 DEC 21 P 3:51

FILED

In the Matter of the )  
 )  
PUBLIC UTILITIES COMMISSION )  
 )  
Instituting a Proceeding to Investigate )  
Proposed Amendments to the Framework )  
for Integrated Resource Planning. )

DOCKET NO. 2009-0108

**DIVISION OF CONSUMER ADVOCACY'S**  
**FINAL STATEMENT OF POSITION**

Pursuant to the Hawaii Public Utilities Commission's ("Commission") Rules of Practice and Procedure, Hawaii Administrative Rules ("HAR") § 6-61-62, the Division of Consumer Advocacy ("Consumer Advocate") hereby provides its final statement of position ("FSOP") related to the Commission's investigation into amendments to the framework for Integrated Resource Planning ("IRP").

**I. BACKGROUND.**

**A. PROCEDURAL.**

On or about May 14, 2009, the Commission filed its Order Initiating Investigation in Docket No. 2009-0108 ("Opening Order"). The Opening Order named the following

as parties: Hawaiian Electric Company, Inc. ("HECO"); Hawaii Electric Light Company; Inc., ("HELCO"); Maui Electric Company, Ltd ("MECO") (collectively, HECO, HELCO and MECO may be referred to as the "HECO Companies"); Kauai Island Utility Cooperative ("KIUC"); and the Consumer Advocate.<sup>1</sup>

In the Opening Order, the Commission required the Parties and Intervenors and Participants, if any, to file a stipulated procedural order within 60 days of the filing of the Opening Order.<sup>2</sup> However, due to the number of intervenors, the Commission extended the due date of the stipulated procedural order to July 29, 2009. On July 29, 2009, the Parties filed a stipulated procedural order for the Commission's approval.<sup>3</sup>

Consistent with the stipulated procedural order that was submitted for the Commission's approval, the Parties met to conduct a technical session.<sup>4</sup> This session was held on September 15, 2009.

---

<sup>1</sup> Subsequent to the Opening Order, a number of entities filed motions to intervene. On July 1, 2009, the Commission filed its Order Granting Intervention. As a result, the following were granted intervenor status: the Department of Business, Economic Development and Tourism ("DBEDT"); County of Hawaii ("COH"); County of Maui ("COM"); County of Kauai ("COK"); Life of the Land ("LOL"); Haiku Design and Analysis ("HDA"); Hawaii Renewable Energy Alliance ("HREA"); Blue Planet Foundation ("Blue Planet"); Hawaii Solar Energy Association ("HSEA"); JW Marriott Ihilani Resort & Spa, Waikoloa Marriott Beach Resort & Spa, Maui Ocean Club, Wailea Marriott, and Marriott Hotel Services, Inc. on behalf of Kauai Marriott Resort & Beach Club (collectively referred to as "Marriotts"); and Forest City Hawaii Residential, Inc. (collectively referred to as "Intervenors"). Thus, the Intervenors and the entities originally named in the Opening Order will collectively be referred to as "Parties."

<sup>2</sup> Based on the filing date of May 14, 2009, the due date of the stipulated procedural order would have originally been on or around July 13, 2009.

<sup>3</sup> On September 11, 2009, the Parties filed an executed version of the stipulated procedural order with the Commission.

<sup>4</sup> While the stipulated procedural order originally identified September 11, 2009 as the date upon which to hold the technical session, HDA sought to reschedule the session from the 11<sup>th</sup> to September 15, 2009, to which all of the other parties agreed.

On September 23, 2009, the Commission filed the Order Approving. The Stipulated Procedural Order, As Modified ("Procedural Order") in the instant proceeding.

On October 2, 2009, the Parties filed their Preliminary Statements of Position ("PSOP") in this proceeding.<sup>5</sup>

Also on October 2, 2009, Forest City Hawaii Residential, Inc. filed a motion to amend its status as an intervenor to participant status. The Commission filed its Order Granting Forest City Hawaii Residential, Inc.'s Motion for Approval to Amend Its Status as an Intervenor to a Participant on October 26, 2009.

On November 3, 2009, the Commission filed the National Regulatory Research Institute's ("NRRI") *Clean Energy Scenario Planning: Thoughts on Creating a Framework*, which included its comments on IRP ("NRRI Comments") and Clean Energy Scenario Planning ("CESP"). In addition, NRRI Comments also included an Appendix C, which posed certain questions about the proposed CESP frameworks.

On November 5, 2009, the Commission, sua sponte, filed its Order Amending Schedule, indicating that that the procedural steps involving the panel hearing and the briefs would be modified to accommodate the Commission's consultants, NRRI.

On November 10, 2009, the Parties, consistent with the Procedural Order, filed their information requests on each other. The COH, COK, and COM filed their information requests on other Parties on November 9, 2009.

---

<sup>5</sup> The COH, COK, and COM filed its PSOP on September 25, 2009. Then, the COH, COK, and COM filed another PSOP on October 2, 2009 to replace the version filed on September 25, 2009.

On November 23, 2009, the Parties filed their responses to the NRRI Comments pursuant to the Procedural Order. KIUC filed its response to the NRRI Comments on December 2, 2009.<sup>6</sup>

On November 24, 2009, the Counties of Hawaii, Kauai and Maui filed their responses to the information requests filed on November 10, 2009. Subsequently, the remaining Parties filed their responses to the information requests on November 25, 2009.

## **B. HISTORICAL.**

The Consumer Advocate offered a summary of the history surrounding the development of the IRP process, the termination of the IRP process for the electric utility companies and how, through the Energy Agreement,<sup>7</sup> the efforts to determine whether the proposed CESP would meet Hawaii's needs as it relates to the identified need to migrate away from the historical dependence on fossil fuels. As such, the Consumer Advocate incorporates by reference that discussion.

## **II. DISCUSSION.**

To reiterate the opinion offered in the PSOP, the Consumer Advocate still contends that the IRP Framework provided a viable process through which energy planning could occur, but with certain modifications. It appears that, at least some of

---

<sup>6</sup> On November 23, 2009, KIUC filed a letter seeking Commission authority to submit KIUC's comments on NRRI's Comments on December 2, 2009.

<sup>7</sup> As defined in the Consumer Advocate's PSOP, the Energy Agreement refers to the Energy Agreement Among the State of Hawaii, Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, and the Hawaiian Electric Companies.

the Parties also agree that the IRP process had certain aspects that provided the means by which Hawaii could plans its energy future. For instance, in DBEDT's PSOP, while DBEDT contends that the IRP process *requires* modifications for a number of reasons, DBEDT appears to acknowledge that modifications or amendments are required, but not necessarily wholesale replacement. For instance, "DBEDT believes that many of the principles and provisions of the IRP Framework still apply today and should be adopted in the new resource planning framework."<sup>8</sup> On page 4 of the PSOP filing made by the COH, COK, and COM, it states that "[t]he objectives of CESP, . . . , do not differ significantly with the objectives reflected in the goal and governing principles of the IRP Framework. Furthermore, much of the IRP process changes . . . could be done within the flexible and encompassing scope of the IRP Framework."<sup>9</sup> Other examples could be discussed, but most of the parties all seem to agree that whether it is the IRP Framework or a CESP Framework, modifications to the general framework to incorporate changes in Hawaii, the energy industry, goals and objectives, and other relevant matters should be considered and incorporated when determining the proper framework to use when conducting energy planning on a going-forward basis.

To place the discussion in this FSOP in the proper perspective, the Consumer Advocate considered the issues set forth in the Procedural Order, which were as follows:

- What are the objectives of CESP and how do they differ from the objectives of IRP?

---

<sup>8</sup> DBEDT PSOP, page 10.

<sup>9</sup> The Counties' PSOP continues to aver that additional change and modifications should be considered, however.

- What is the basis for each of the proposed changes to the IRP process, and are those changes reasonable and in the public interest?
- Whether the proposed changes to the IRP process should include changes to reflect differences between electric cooperatives and investor owned utilities?
- What should be the role of the state's public benefits fee administrator?

In addition, the Consumer Advocate also considered NRRI's Comments and the various questions raised within those comments.

#### **A. THE CESP OBJECTIVES ARE SIMILAR TO IRP.**

The Consumer Advocate contends that the overall objectives of the CESP process will not be too dissimilar to the IRP process. That is, the CESP will allow interested stakeholders to participate in a planning process or processes that are generally required to develop an energy plan. The development of an energy plan under the IRP process, unlike how planning occurred prior to the implementation of IRP process, involved considering different possible solutions that included both supply-side and demand-side alternatives to match customer demand with available generation. While the initial IRP process might have generally followed the tenet of "least cost" planning, the IRP process in Hawaii evolved to consider the "lowest, reasonable cost" plan. Thus, the IRP process also included the consideration of renewable resources.

While the Consumer Advocate contends that the overall objectives of the CESP and IRP are generally similar, there should be one significant difference. With the Energy Agreement as the current embodiment of Hawaii's energy policy, there should

be more of a concerted effort to incorporate renewable alternatives in Hawaii's energy future. While the Energy Agreement is a non-binding agreement, there are other factors that highlight the need for any energy planning process to include more renewable energy. For instance, Hawaii Revised Statutes ("HRS") Sections 269 -91 through 95 set forth the renewable portfolio standards requirements. Furthermore, HRS Section 269-96 discusses the energy efficiency standards requirements. These two sections are examples of how Hawaii's energy utility companies would, even in the absence of a CESP, would still need to exert greater efforts to include more renewable energy resources in any energy plan, whether that plan was developed through an IRP or CESP process.

**B. THE PROPOSED FRAMEWORK REFLECTS VARIOUS MODIFICATIONS FROM THE IRP FRAMEWORK, SOME OF WHICH ARE ACCEPTABLE AND OTHERS MAY NOT BE REASONABLE.**

As acknowledged in the Consumer Advocate's PSOP, the HECO Companies were assigned the responsibility to develop a proposed framework to facilitate further discussions that would be required as part of establishing a CESP framework. It is evident that the proposed framework began with the IRP framework and was then modified to outline the proposed CESP framework. As outlined in the Consumer Advocate's PSOP, some of the observations about the proposed framework included the following:

- The CESP framework should not necessarily reflect the various HECO Companies' commitments since the framework should be general in

nature and should be applicable to all of Hawaii's energy companies, not just the HECO Companies.

- The CESP framework document should not excessive references to other documents or citations since it might make the framework too specific and might thus make the framework essentially unusable. The framework should be left relatively general, as a framework should be. If there is a need to include specific references, the Consumer Advocate recommends that the Commission should consider appendices that could be modified more readily than the framework.
- The framework should include general guidelines that would allow, if not require, greater transparency such that interested stakeholders do not feel that the process is a sham or otherwise represents a black box process.
- If not explicitly recognized in the framework, it should be understood that any outcome of the IRP or CESP process should reflect an ongoing and dynamic process that would avoid having inefficient start and stop characteristics and also allows the regulatory participants to exercise flexibility, if needed, when implementing actual projects.
- Given some of the changes in the electric industry, the framework should include the necessary guidance regarding expectations and responsibilities of each stakeholder, including the third-party administrator of the energy efficiency programs.

In the PSOP filed on October 2, 2009 by the Consumer Advocate, the above observations were already noted and explained. As a result, the Consumer Advocate



will not repeat the discussions already offered in the PSOP. Rather, the Consumer Advocate incorporates by reference the discussions offered in the PSOP.

**C. THE FRAMEWORK SHOULD ACKNOWLEDGE THE DIFFERENCES BETWEEN THE DIFFERENT UTILITY COMPANIES.**

*One of the Commission's issues was whether the proposed changes to the IRP process should include changes to reflect differences between electric cooperatives and investor owned utilities. As offered in the Consumer Advocate's PSOP, the CESP framework should allow for differences among the various utility companies. That being said, however, the Consumer Advocate contends that the framework should not be made specific to each utility company but should be made general enough to apply to all energy utility companies, while still allowing for differences among the companies.*

As discussed on page 12 of the Consumer Advocate's PSOP, assuming that KIUC and the Gas Company ("TGC") are included as Commission required utility participants in the CESP process, the CESP process "should acknowledge the differences between the HECO Companies, KIUC, and TGC in terms of all applicable factors that should be considered in the planning process, such as ownership structure, industry, existing supply and demand side resources, etc."

The Consumer Advocate would like to emphasize, however, that it still has reservations about making the Commission regulated water and wastewater utility companies part of the CESP process. While the Consumer Advocate believes it understands why NRRI included that idea in the NRRI Comments, the Consumer Advocate still does not believe that implementing that idea would necessarily be in the public interest.

## **D. ADDITIONAL OBSERVATIONS OR RECOMMENDATIONS.**

### **1. Effectiveness and Reporting Requirements.**

Some of the proposed modifications to the IRP framework appear to remove some of the measurements or checks to ensure that the objectives of the process are being met. The Commission should approve a framework that includes sufficient measurement and reporting requirements that allows the Commission and any interested stakeholder to evaluate and determine the effectiveness and objectives of any given action plan developed by a utility company.

As currently proposed, however, an evaluation report would be filed during CESP cycles, with a minimum of only one. One possible issue is that, while the plan is to file an action plan once every three years, if an action plan is filed less frequently, it is possible that an evaluation report might be filed only once every four or five years. One only needs to consider the facts surrounding the number of IRP filings by HECO since the Commission approved the IRP framework in its Decision and Order No. 11630, filed on May 22, 1992. During the period from 1992 through 2009, which is about 17 years, HECO has filed four IRP plans. So, while almost six plans should have been filed, only four were actually developed. Thus, under the proposal to only have, at a minimum, one report, the Consumer Advocate questions whether the ability to properly evaluate the effectiveness of the CESP will be possible. Thus, as included in the response to question 13 of Appendix C of the NRRI Comments, the Consumer Advocate believes that the proposed frequency of scenario-planning cycles will allow the Commission to meet its statutory responsibilities, but the proposed reporting might impair that ability.

In addition, the currently proposed framework has excluded any section on effectiveness measures. To some degree, the effectiveness of any CESP will be reflected in the level of renewable energy resources and energy efficiency accomplishments that can be measured in any given year. That being said, the exclusion of sufficient and appropriate effectiveness measures would not appear to facilitate the Commission's statutory responsibilities.

## **2. What is a Scenario?**

The Consumer Advocate contends that one of the key factors in this development process is being able to adequately define the scenarios that will be used to develop the action plans. If the scenarios are not adequately defined, the expectations regarding the CESP and the resulting action plan may vary and if the expectations vary widely, it is possible that there will be parties that will be unnecessarily dissatisfied with the CESP process almost from the onset of the first cycle. The Consumer Advocate is not asserting that the framework should have a detailed description of what each scenario should entail. In fact, such a detailed "recipe" would be generally inconsistent with the Consumer Advocate's recommendation that the CESP framework should be general enough to be broadly applied by the affected Hawaii energy utility companies.

The Parties have generally offered descriptions of what their visions of CESP might resemble. These efforts include discussions among the parties at the technical session as well as information requests. The responses to the information requests, while helpful in some ways, still appear to leave open the possibility of some general

disputes about missed expectations or misunderstandings. Still, as pointed out by the response to CA-HECO-IR-1(b), "defining scenarios or the number of scenarios to evaluate in a CESP Framework results in unnecessary inflexibility in the framework." The Consumer Advocate agrees with efforts to implement a framework that is not overly prescriptive. That being said, as pointed out above, if the Parties do not work to develop a better common understanding of what scenarios will consist of, the possibility of missed expectations might impede the possible progress that might otherwise be made.

Also at question is the number of scenarios that might be developed and subsequently used to help develop the action plan that will be selected. As set forth in the NRRI Comments at page 6:

Planners can organize these eight scenarios with a three-dimensional 2X2X2 matrix. If the analyst can think in three dimensions, she can consider eight scenarios. According to existing research, those three dimensions and eight scenarios represent the practical limit for scenario planning that is efficient and transparent. [footnotes omitted]

HECO's response to CA-HECO-IR-1(b) indicates HECO's acceptance of the eight scenario limit. This position seems somewhat inconsistent with the assertion regarding the need to establish a CESP process and not to prescribe specifics. While it is not the Consumer Advocate's assumption that HECO means to include a specific limit of scenarios in the framework by its response, it is unclear how HECO can make a predetermination that eight scenarios should be assumed to be the upper limit when the process has yet to be defined to help determine what types and how many scenarios might be reasonable.

**3. Whether it is Deemed IRP or CESP, a Process is Needed to Help Facilitate Hawaii's Efforts to Adequately and Properly Plan its Migration Towards Greater Renewable Energy and Energy Efficiency Resources.**

Regardless of whether it is ultimately determined that resurrection of the IRP process or some modified version of it, or CESP is embraced as the means by which to conduct energy planning, the need to identify and implement the process is integral to the planning that is required to efficiently and effectively chart the course to greater renewable energy contributions and energy efficiency impacts. Without the ability to view the overall picture and how the various parts all contribute to that picture, it is possible that efforts may be counterproductive or duplicative in nature. The Consumer Advocate contends that, especially in these current economic times, the Parties should keep their eye on the ball (or balls) and avoid wasting efforts and resources.

As has been mentioned in discussions and also referenced in relevant applications before the Commission, the Consumer Advocate has utilized the action plan as a guide by which to evaluate capital improvement projects and DSM measures. The Consumer Advocate intends to continue relying on whatever action plan may be developed as a result of CESP, or whatever outcome the Commission authorizes as a result of the instant docket. Without a planning process in place, the ability to use an action plan as a guide is not possible.

With the growing need to ensure the greater penetration of renewable energy resources as well as energy efficiency measures, the Consumer Advocate anticipates there will be a greater need for relevant applications submitted to the Commission to clearly indicate the contributions to the State's goals of reducing Hawaii's overdependence on fossil fuels. A recent application in Docket No. 2009-0346

highlights the need to consider the role that fossil fuel will play in Hawaii's energy future and the possible impacts it might have on Hawaii's economy and its people.<sup>10</sup>

The existence of a planning process is instrumental to facilitating the planning process with respect to the clean energy initiatives, but it is also critical as it relates to analyses that will be required on other relevant and related matters. For instance, the Consumer Advocate contends that it is through IRP and/or CESP that parties will be able to help evaluate and chart out measures and steps that will address reliability concerns. In fact, it will be a necessary discussion in the CESP, if approved, to prioritize key energy planning criteria, such as cost and reliability. With greater penetration of large intermittent renewable resources, the island grids will be tested and continuing to target high levels of reliability will be associated with the appropriate price tag. In addition, the Consumer Advocate's analysis in Docket No. 2009-0005<sup>11</sup> is helping to reinforce the impression that the planning process associated with IRP or CESP will be an integral part in addressing the likelihood of future outages as well as the duration of those outages.

#### **4. Appendix C of the NRRI Comments Raised Various Questions about the Proposed Frameworks.**

The Commission's consultant, NRRI, also identified 13 questions to ask about the proposed frameworks. These 13 questions appear to be intended to help the

---

<sup>10</sup> In Docket No. 2009-0346, HECO is seeking Commission approval of an amendment to a contract between HECO and Chevron, one of Hawaii's two refineries, for low sulfur fuel oil. The proposed amendment will result in a significant increase in the cost of fuel, which, if approved, will result in greater costs to be borne by electric customers.

<sup>11</sup> In Docket No. 2009-0005, the Commission is investigating the December 2008 island wide power outage on the island of Oahu.

Commission in its deliberations in determining the reasonableness of any framework as well as identifying possible necessary changes to any proposed framework.

The Consumer Advocate offers its responses in the Attachment to this FSOP.

### **III. RECOMMENDATION.**

The Parties have helped to contribute to the record regarding the possible and necessary modifications to the energy planning process in Hawaii. It appears that there is still much work to be done. It is likely that much of that work will be completed once a Commission approved process is in place. The need to initiate that process will become greater and greater as time progresses and the ability to plan effectively and efficiently will be diminished.

In general, the need to throw the entire IRP process out does not appear necessary. Considering that the proposed framework reflected certain modifications, but not necessarily a completely new document as well as the comments from different parties that commented or observed various advantages or benefits associated with the IRP process, the Consumer Advocate contends that the objective of this proceeding does not need to be completely new. The framework that is developed and authorized by the Commission in the instant proceeding does not need to reflect current and future objectives, but should not be rigidly structured and detailed. The Commission's IRP framework allowed for sufficient flexibility that allowed it to be effective for some time. In fact, arguably, some of the parties participating in IRP-4 may have been generally anticipating that IRP-4 would be an adequate vehicle within which some of the clean energy initiatives might be addressed. To some large degree, the methods used in the

most recent cycles of IRP could be used to identify and address the uncertainties facing Hawaii's clean energy future.

That being said, there were sufficient criticisms surrounding the IRP process that the exercise of attempting to re-tool the process to implement clean energy planning is sound. The Parties should continue to work together with the intent of trying to develop a process that will facilitate cooperative efforts to help Hawaii's migration to a clean energy future that reduces the overdependence on fossil fuels. Such efforts must reflect reasonable and open-minded contributions that will hopefully not be unnecessarily colored by past and/or personal biases that are directed towards advancing a single technology or idea at the expense of others.

DATED: Honolulu, Hawaii, December 21, 2009.

Respectfully submitted,

By Dean Nishina  
DEAN NISHINA  
Executive Director

DIVISION OF CONSUMER ADVOCACY



**DOCKET NO. 2009-0108**

**PUBLIC UTILITIES COMMISSION**

**DIVISION OF CONSUMER ADVOCACY'S RESPONSES TO  
NATIONAL REGULATORY RESEARCH INSTITUTE'S APPENDIX C  
QUESTIONS**

1. Does the proposed framework provide a reasonable process for defining the question(s) that the CESP must answer?

RESPONSE: Depending on the framework ultimately developed, the Consumer Advocate believes that in developing the scenarios and action plan, an opportunity or opportunities for the parties to raise the appropriate questions within which the CESP process will facilitate the parties' ability to consider and evaluate those questions. Based on the general understanding of the proposed framework and the general understanding that there will be the continued practice of advisory groups, the Consumer Advocate assumes that the resulting process will allow for the identification and development of the questions that CESP will hope to address.

It is likely that the questions that the CESP must answer will evolve and change. Thus, identifying specific questions within the framework should be avoided unless those questions are broad enough to allow the framework to

continue to be relevant without needing to constantly modify  
the questions posed to maintain relevance.

2. Does the proposed framework enable the Commission to meet its statutory requirements regarding the review and establishment of RPS and EEPS targets?

RESPONSE: The Consumer Advocate believes that the opportunity to evaluate the progress towards meeting RPS and EEPS targets would be present for the Commission in IRP or CESP. The Consumer Advocate anticipates that evaluation of the RPS and EEPS would likely be considered before scenarios are developed (the parties need to evaluate progress before setting near-term objectives), and as part of the scenario development (depending on the progress, decisions on what resources are necessary to meet the next RPS or EEPS threshold will affect the scenarios and plans).

There are discussions that occurred as a result of the instant proceeding that questioned whether the proposed framework should establish a prescriptive or non-prescriptive plan. It also questioned whether the plan should require specific Commission approval / action or not.

The Consumer Advocate contends that the framework should contain sufficient monitoring and reporting requirements to allow the Commission or any interested stakeholder to evaluate the effectiveness of the planning process as well as the actions of the utility companies to help facilitate the plan to migrate towards reducing the

reliance on fossil fuels. The Commission could certainly use the CESP to establish new RPS and/or EEPS targets whether specific Commission approval of an action plan is decided upon. In the alternative, if the Commission were so inclined, it could incorporate the idea of having appendices or addendums that could reflect updates or modifications to RPS and/or EEPS targets that would then guide the participants in the process when conducting the next cycle.

3. Does the proposed framework provide a reasonable process for defining a starting point for scenario planning?

RESPONSE: The point of this question is unclear. It is, however, the Consumer Advocate's position that the CESP process should be a dynamic and continuous process. The existence of a distinct start and end point would be contrary to the Consumer Advocate's position. Thus, the Consumer Advocate contends that the proposed framework should not contribute to defining a starting and/or ending point for scenario planning.

Assuming, however, the question is focused on trying to determine whether a Commission order or company application is required to initiate the cycle and submission of an action plan, the Consumer Advocate offers that either option is acceptable. It is hoped, however, that with a dynamic and ongoing process, efforts will be made to develop the necessary data, studies and reports to make the development of scenarios and action plans a much less static and rigid process. If the parties continue to meet and discuss the continued relevance and usefulness of assumptions, various inputs, and other factors contributing to the development of scenarios and action plans, it may be possible or likely that the company can readily and quickly

provide either an application or respond to a Commission  
order to produce such scenarios and plan.

4. Does the proposed framework provide a reasonable process for discovering a plausible range of uncertainties and trends?

RESPONSE: This question is also unclear. However, the Consumer Advocate anticipates that each party will try to advance plausible parameters relating to the driving factors to certain scenarios. It will be incumbent upon the advisory groups or the CESP equivalent to provide meaningful data and information to contribute to the development of plausible and feasible inputs and trends.

5. Does the proposed framework differentiate between uncertainties and predetermined trends?

RESPONSE: This question is also unclear. However, the Consumer Advocate anticipates that, as part of the development of scenarios, certain ranges of possible parameters, where applicable will be developed to help frame the possible upper and lower end of certain driving factors. For instance, forecasted demand will most likely consist of, at least, two general estimates: high level of sales and low level of sales. These two values will reflect the uncertainties surrounding forecasting and there will be scenarios that reflect and acknowledge the uncertainties surrounding those estimates.

Similarly, if the data suggest certain trends, the forecasted or extrapolated effect of those observed trends will be applied to scenario inputs with the intent of developing scenarios that are not stale or relying on unreasonable estimates.



6. Does the proposed framework provide a reasonable process for identifying the drivers of uncertainty that make a difference?

RESPONSE: The proposed framework, as well as the original IRP framework, will rely on identifying key driving factors that will or should influence decisions on resource acquisition. As part of the development of a scenario, the Consumer Advocate anticipates that it will be necessary to identify key drivers that will affect or reflect system usage, system resources, available alternatives, etc.

7. Does the proposed framework provide a reasonable process for defining a reasonable number of scenarios that define a plausible range of different futures for planning decisions?

RESPONSE: It is the Consumer Advocate's understanding that no set number of scenarios have been decided upon as of yet. The Consumer Advocate understands that the HECO Companies generally agree with the premise set forth in NRRI's comments that the practical limit of scenarios may be eight. It is the Consumer Advocate's assertion that it may not be feasible or practical to identify a specific number of scenarios to help define a plausible range of different futures for planning futures. This position is predicated on the assumption that, depending on the key factors identified at any given time, the number of scenarios that should be developed might need to either increase or decrease.

The Consumer Advocate sought to elicit information from the HECO Companies as to the costs and resources associated with developing each scenario to help others understand the possible costs and efforts associated with developing the scenarios. The Consumer Advocate contends that if the costs and efforts are fairly nominal, the need to limit the scenarios to a range of, say, 5 – 8, may not be reasonable. On the other hand, if the costs and efforts

are fairly significant, the need to limit the scenarios to eight  
or less becomes heightened.

8. Does the proposed framework enable the Commission to make timely and informed decisions about the budget for the Public Benefits Fee Administrator?

RESPONSE: The Consumer Advocate contends that the proposed framework may provide useful information to assist in the consideration that the Commission may undertake regarding the budget for the Public Benefits Fee Administrator. This position is based on the understanding that the developed Action Plan should help to highlight or identify the energy efficiency or other demand-side management programs under the administration of the Public Benefits Fee Administrator that are required and/or possible to help meet the RPS or EEPS. Once the program or programs are identified, this will help to frame the possible budget decisions that the Commission will make regarding the Public Benefits Fee Administrator.

This response assumes of course that whatever entity contracted by the Commission will seek to offer productive contributions to the CESP process, such as introducing new innovations or plans that can help Hawaii meet its needs. If such contributions are offered within the various advisory group meetings, the Consumer Advocate contends that such information will be useful to determining which proposals should be implemented and with what scope. Information

regarding the types of measures expected to be implemented should assist the Commission in its efforts to determine the budget and payment to the Public Benefits Fee Administrator.

9. Does the proposed framework provide a reasonable process for assessing actions and making decisions?

Response: The Consumer Advocate contends that the proposed framework, as well as the original IRP framework, will provide reasonable processes for assessing actions and making decisions. The Consumer Advocate anticipates, however, since the scenario planning processes will not be as prescriptive as the results of the original IRP framework, the assessment of actions and the decisions to be made will have to properly consider the differences between the action plan that will be derived from a CESP framework, as compared to an action plan derived under the IRP framework. The Consumer Advocate also anticipates that there will be a greater need to consider the results of any IRP or CESP action plan whenever an application (such as a capital improvement project or competitive bidding project) before the Commission is subject to review.

10. Does the proposed framework provide a reasonable process for ongoing monitoring and adjustments to approved plans?

RESPONSE: As drafted, the Consumer Advocate is not certain as to the processes that will be used for monitoring and adjusting the approved plans. The proposed report, where at a minimum, one report per cycle, might result in insufficient data on a timely basis for monitoring. However, the Consumer Advocate supports the use of adequate and appropriate monitoring and assessment of actions and activities to facilitate adjustments or modifications to action plans, if necessary.

11. Does the proposed framework create an efficient, transparent process that involves all relevant decision-making entities?

RESPONSE: It is the Consumer Advocate's assertion that the proposed framework might not yet have the necessary measures in place to facilitate the perception that the processes are efficient and transparent. Thus, the Consumer Advocate had offered suggestions to help address perceptions and concerns with the transparency and efficiency of any process that is approved by the Commission as a result of this proceeding.



12. Does the proposed timeline provide adequate time for the participants to address effectively each step of the framework?

RESPONSE: As currently set forth in the proposed CESP framework, much of the timeline associated with the process that will be necessary to develop scenarios and the action plan has not been developed. Currently, the main disclosure regarding timing is that each of the HECO Companies will file its initial CESP for submittal to the Commission within 18 months after the issuance of the Decision and Order for this framework. Given the complete termination of all IRP activities, the Consumer Advocate has questions about whether the proposed 18 months to complete the initial CESP is reasonable. There is significant importance in having an action plan in place and there is a need for the CESP developmental processes in order to help guide the decisions that would be made from docket to docket regarding resource acquisitions. Thus, notwithstanding the ambitious nature of the proposal, the Consumer Advocate can understand the proposed 18 month timeline.

13. Does the proposed frequency of scenario-planning cycles allow the Commission to meet its related statutory responsibilities efficiently?

RESPONSE: The Consumer Advocate contends that under the CESP process, it is feasible that, depending on changes in relevant factors, the need to evaluate and develop additional or modified scenarios will occur at any given time. With the development of additional or modified scenarios, support for any necessary changes to the action plan will exist. Subsequently, the utility companies' actions and decisions will assumedly reference the action plan in any application that is filed with the Commission. The Commission can utilize the opportunity to review compliance with statutory or regulatory requirements during those docketed proceedings. Any new framework should, however, include sufficient evaluation and reporting requirements to allow not only the Commission, but also interested stakeholders the ability to review and determine the effectiveness of any plan.

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing **DIVISION OF CONSUMER ADVOCACY'S FINAL STATEMENT OF POSITION** was duly served upon the following parties, by personal service, hand delivery, and/or U.S. mail, postage prepaid, and properly addressed pursuant to HAR § 6-61-21(d).

DEAN MATSUURA  
MANAGER, REGULATORY AFFAIRS  
HAWAIIAN ELECTRIC COMPANY, INC.  
P. O. Box 2750  
Honolulu, Hawaii 96840-0001

by hand delivery

RANDALL J. HEE, P.E.  
TIMOTHY BLUME  
KAUAI ISLAND UTILITY COOPERATIVE  
4463 Pahe'e Street, Suite 1  
Lihue, Hawaii 96766-2000

by electronic mail

KENT D. MORIHARA, ESQ.  
KRIS N. NAKAGAWA, ESQ.  
DANA O. VIOLA, ESQ.  
SANDRA L. WILHIDE, ESQ.  
MORIHARA LAU & FONG LLP  
841 Bishop Street, Suite 400  
Honolulu, Hawaii 96813

by electronic mail

Counsel for Kauai Island Utility Cooperative

MARK J. BENNETT, ESQ.  
DEBORAH DAY EMERSON, ESQ.  
GREGG J. KINKLEY, ESQ.  
STATE OF HAWAII  
DEPARTMENT OF THE ATTORNEY GENERAL  
425 Queen Street  
Honolulu, Hawaii 96813

by hand delivery

Counsel for the Department of Business, Economic Development and Tourism

ESTRELLA A. SEESE  
THEODORE A. PECK  
STATE OF HAWAII  
HAWAII STATE ENERGY OFFICE  
DEPARTMENT OF BUSINESS, ECONOMIC  
DEVELOPMENT AND TOURISM  
235 S. Beretania St., Room 501  
Honolulu, HI 96813

by hand delivery

ALFRED B. CASTILLO, JR., ESQ.  
AMY I. ESAKI, ESQ.  
MONA W. CLARK, ESQ.  
COUNTY OF KAUAI  
OFFICE OF THE COUNTY ATTORNEY  
4444 Rice Street, Suite 220  
Lihue, Hawaii 96766-1300

by electronic mail

Counsel for the County of Kauai

GLENN SATO  
COUNTY OF KAUAI  
OFFICE OF ECONOMIC DEVELOPMENT  
4444 Rice Street, Suite 200  
Lihue, Hawaii 96766

by electronic mail

BRIAN T. MOTO, ESQ.  
MICHAEL J. HOPPER, ESQ.  
COUNTY OF MAUI  
DEPARTMENT OF THE CORPORATION COUNSEL  
200 South High Street  
Wailuku, Hawaii 96793

by electronic mail

Counsel for the County of Maui

LINCOLN S.T. ASHIDA, ESQ.  
WILLIAM V. BRILHANTE, JR., ESQ.  
MICHAEL J. UDOVIC, ESQ.  
COUNTY OF HAWAII  
OFFICE OF THE CORPORATION COUNSEL  
101 Aupuni Street, Suite 325  
Hilo, Hawaii 96720

by electronic mail

Counsel for the County of Hawaii

HENRY Q CURTIS  
VICE PRESIDENT FOR CONSUMER ISSUES  
LIFE OF THE LAND  
76 North King Street, Suite 203  
Honolulu, Hawaii 96817

by electronic mail

CARL FREEDMAN  
HAIKU DESIGN & ANALYSIS  
4234 Hana Highway  
Haiku, Hawaii 96708

by electronic mail

WARREN S. BOLLMEIER II  
PRESIDENT  
HAWAII RENEWABLE ENERGY ALLIANCE  
46-040 Konane Place, #3816  
Kaneohe, Hawaii 96744

by electronic mail

MARK DUDA  
PRESIDENT  
HAWAII SOLAR ENERGY ASSOCIATION  
P.O. Box 37070  
Honolulu, Hawaii 96837

by electronic mail

ISAAC H. MORIWAKE, ESQ.  
DAVID L. HENKIN, ESQ.  
EARTHJUSTICE  
223 South King Street, Suite 400  
Honolulu, Hawaii 96813-4501

by electronic mail

Counsel for Hawaii Solar Energy Association

TYRONE CROCKWELL  
AREA DIRECTOR OF ENGINEERING  
JW MARRIOTT IHILANI RESORT & SPA  
92-1001 Olani Street  
Ko Olina, Hawaii 96707

by electronic mail

by electronic mail

by electronic mail

by electronic mail

by electronic mail

by electronic mail

DATED: Honolulu, Hawaii, December 21, 2009.

*Amha Jhules*